

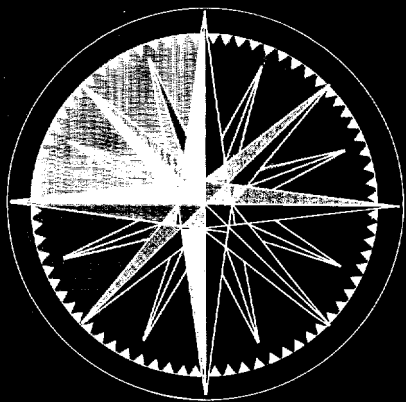
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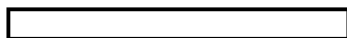


SPECIAL REPORT

OFFICE OF CURRENT INTELLIGENCE

POLITICAL TRENDS IN CEYLON

CENTRAL INTELLIGENCE AGENCY



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POLITICAL TRENDS IN CEYLON

With a major test of strength approaching in Ceylon's parliament, Prime Minister Bandaranaike's position is weaker than at any time since she took office in 1960. She is threatened by factionalism within her Sri Lanka Freedom Party (SLFP), a growing unity among Marxist opposition parties, and increasing popular support for the conservative United National Party (UNP). Nevertheless, her government probably will survive the parliamentary crisis, largely because of the reluctance of many opposition legislators to face an election in the near future.

The Bandaranaike government will be subjected to two key tests during the parliamentary session opening on 17 July. Either could bring the government down. The vote on the Speech from the Throne--in effect a vote of confidence--will be taken about the end of July. The second--and probably more difficult--hurdle will be the passage of the controversial budget, which must be acted upon in August. Persistent rumors of defections from the SLFP suggest that the government party may lose its struggle to hold on to its absolute majority.

Disharmony Within the SLFP

Mrs. Bandaranaike decided in May to call an unusually long parliamentary recess, apparently because she realized that her party was close to breaking up over its serious internal differences.

The SLFP is divided into vaguely identifiable right- and left-wing factions, which are at odds largely over issues relating to the role of government-owned business in the country's economy. A corollary issue, arising from the pre-dominance of Western ownership of private enterprise, is the party's attitude toward Western commercial interests--and toward the West in general.

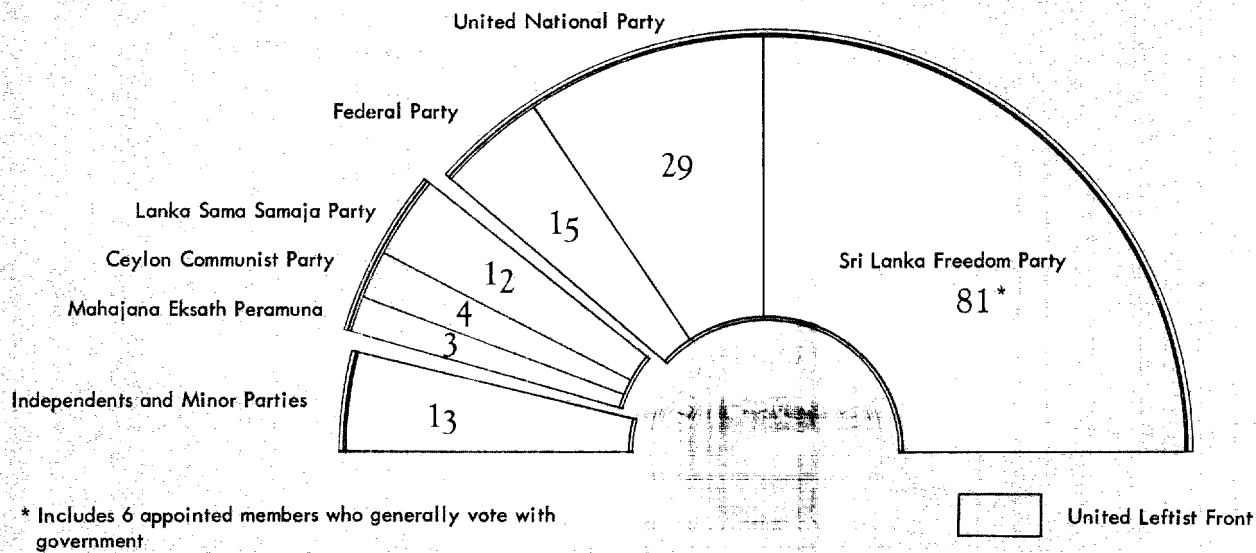
Leftist elements, led by Finance Minister T. B. Ilangaratne, have long opposed Western influence and advocated further nationalization, particularly in trade, banking, petroleum, and the tea, rubber, and coconut industries. The right wing of the party, whose most influential representative is Land, Irrigation and Power Minister C. P. DeSilva, urges greater caution. Aware that few of the enterprises nationalized to date have operated profitably and that Ceylonese investors are reluctant to

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MRS. BANDARANAIKE



ILANGARATNE



SENANAYAKE

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invest in industrial undertakings without Western participation, these moderates oppose measures that would worsen the investment climate.

Mrs. Bandaranaike herself has no strongly developed ideological convictions, other than an emotional attachment to her late husband's "middle path" program of nonalignment in foreign policy, and moderate socialism at home. She has permitted the government's policies to drift gradually leftward, however, hoping thereby to placate SLFP radicals who she fears might otherwise defect to the Marxist opposition. Her acquiescence in the recent decision to take over from Western companies the distribution of petroleum as of 1 January 1964 probably resulted from reluctance to alienate this element.

In addition to factional problems, the SLFP is plagued by numerous personal antagonisms, frequently shifting loyalties, and an increasing dissatisfaction on the part of backbenchers with the activities of the party leaders. The resignation in May of a parliamentary secretary who had been influential in SLFP affairs since the party's inception has given rise to rumors that other SLFP members may soon cross the aisle. His charges of nepotism and corruption in the government, and his personal

dissatisfaction at being ignored by the party leaders, struck a responsive chord among many backbenchers.

Mrs. Bandaranaike's efforts to unify the SLFP thus far have been largely unsuccessful. She has used her most effective weapon--the SLFP's dependence on her personal popularity to remain in power--to enforce a minimum degree of discipline. Despite frequent attempts to assert her authority, however, she has been unable to control decisively several of her strong-willed cabinet colleagues. Ministers have frequently acted independently on significant issues without her knowledge.

The prime minister extensively reshuffled her cabinet on 29 May in an apparent attempt to achieve a distribution of portfolios that would more nearly satisfy all factions. The membership of the cabinet remains essentially unchanged, however, and no reduction of cabinet bickering seems likely.

The Unity of the Left

Until recent months, Mrs. Bandaranaike has been aided by disunity in the leftist opposition. Three parties claim Marxist inspiration--the Trotskyite Lanka Sama Samaja (Ceylon Equality) Party, the

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orthodox, Moscow-oriented Communist Party of Ceylon, and the Buddhist-nationalist Mahajana Eksath Peramuna (People's United Front). Past efforts to work together foundered.

Dissappointed by their poor showing in municipal elections held in late 1962, the three Marxist parties again began to consider seriously the formation of a united front. The suspension of US aid in February 1962 as a result of the oil compensation question gave them an issue on which they could react jointly. Exploiting the anti-American sentiment following the aid cutoff, leftist leaders have been able to gloss over their deep and long-standing political differences and present at least a facade of unity.

The parties were able to agree to a joint May Day rally--the first in over two decades--at which they announced the establishment of a united leftist front. To date no common program has been worked out, and the problem of joint leadership has not been solved. Negotiation on these problems continues, however, and several independent leftists have been mentioned as possible figurehead leaders. The effectiveness of the united front as a political force is likely to be limited by the party leaders' inability to

submerge their bitter personal rivalries for very long.

Regardless of the actual strength of the united leftist front, Mrs. Bandaranaike has become convinced that it poses a significant threat to her government. Her caution in dealing with the problem of restoring normal relations with the US is due largely to her reluctance to provide the Marxists with exploitable issues.

The United National Party

The principal beneficiary of the government's difficulties has apparently been the conservative UNP. The government's inept handling of Ceylon's nearly stagnant economy--which has helped produce budget deficits, dangerously low foreign exchange reserves, stringent import restrictions, inflation, and unemployment--has caused many former SLFP supporters to look to the right. Glaring examples of mismanagement and corruption in nationalized enterprises have created a feeling of disillusionment with socialist panaceas. Frustrated at the inefficiency and lack of direction of the government party, several SLFP members of Parliament, for example, are reportedly considering a shift to the UNP.

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Dudley Senanayake, present UNP leader and a widely popular former prime minister, claims that the SLFP government will not survive the August budget vote. He is encouraged in his optimism by the substantial gains recorded by his party in recent municipal and parliamentary by-elections.

Federal Party

A third opposition group, the Federal Party, which attempts to represent the interests of Ceylon's Hindu Tamil minority, has gradually been losing its traditional support. While strongly opposed to the discriminatory policies of the Buddhist-oriented SLFP government, the Federal Party may not vote against the government on critical issues in order to delay elections until it can be more certain of its following.

Outlook

On balance, it appears likely that the government will be able to avoid defeat when parliament reconvenes, largely because many members are reluctant to face the electorate at this time. Marxist leaders, still attempting to solidify their united front, realize that an election in the near future would probably bring the UNP into office. While frequently critical of the SLFP, the Marxists prefer its moderate socialist policies to those of the "capitalist" UNP.

Although the SLFP government may survive the parliamentary crisis this summer, its shaky position is unlikely to improve significantly in the near future. Faced with mounting political and economic pressures and dwindling popular support, it probably will be increasingly reluctant to take the kind of decisive action required to solve Ceylon's pressing problems.

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